

MOST-FAVORED-NATION TREATMENT FOR AREAS UNDER OCCUPATION OR CONTROL

Exchange of notes at Paris June 28, 1948

Entered into force June 28, 1948

Expired in accordance with its terms

62 Stat. 2887; Treaties and Other
International Acts Series 1823

The American Ambassador to the Minister of Foreign Affairs

No. 460

PARIS, June 28, 1948

EXCELLENCY,

I have the honor to refer to the conversations which have recently taken place between representatives of our two Governments relating to the territorial application of commercial arrangements between the United States of America and the French Republic and to confirm the understanding reached as a result of these conversations as follows:

1. For such time as either the Government of the United States of America or the Government of the French Republic participates in the occupation of any areas in Western Germany or the Free Territory of Trieste, the other Government will apply to the merchandise trade of such area the provisions of the General Agreement on Tariffs and Trade, dated October 30, 1947,¹ as now or hereafter amended, relating to most-favored-nation treatment.

2. The undertaking in point 1, above, will apply on the part of the Government of the United States of America or the Government of the French Republic to the merchandise trade of any area referred to therein only for such time and to such extent as such area accords reciprocal most-favored-nation treatment to the merchandise trade of the United States of America or the French Republic, respectively.

3. The undertakings in points 1 and 2, above, are entered into in the light of the absence at the present time of effective or significant tariff barriers to imports into the areas herein concerned. In the event that such tariff barriers are imposed, it is understood that such undertakings shall be without

¹ TIAS 1700, *ante*, vol. 4, p. 641.

prejudice to the application of the principles set forth in the Havana Charter for an International Trade Organization ² relating to the reduction of tariffs on a mutually advantageous basis.

4. It is recognized that the absence of a uniform rate of exchange for the currency of the areas in Western Germany, referred to in point 1 above, may have the effect of indirectly subsidizing the exports of such areas to an extent which it would be difficult to calculate exactly. So long as such a condition exists, and if consultation with the Government of the United States of America fails to reach an agreed solution to the problem, it is understood that it would not be inconsistent with the undertaking in point 1 for the Government of France to levy a countervailing duty on imports of such goods equivalent to the estimated amount of such subsidization, where the Government of France determines that the subsidization is such as to cause or threaten material injury to an established domestic industry or is such as to prevent or materially retard the establishment of a domestic industry.

5. The undertakings in this note shall remain in force until January 1, 1951, and unless at least six months before January 1, 1951, either Government shall have given notice in writing to the other of intention to terminate these undertakings on that date, they shall remain in force thereafter until the expiration of six months from the date on which such notice shall have been given.

Please accept, Excellency, the renewed assurances of my highest consideration.

JEFFERSON CAFFERY

His Excellency

Mr. GEORGES BIDAULT,
Minister for Foreign Affairs,
Paris.

The Minister of Foreign Affairs to the American Ambassador

[TRANSLATION]

FRENCH REPUBLIC
MINISTRY FOR FOREIGN AFFAIRS
Office of Economic and Financial Affairs

Liberty—Equality—Fraternity

PARIS, June 28, 1948

MR. AMBASSADOR:

Referring to the conversations which have recently taken place between our two Governments relating to the territorial application of commercial arrangements between France and the United States of America, I have the

² Unperfected; for excerpts, see *A Decade of American Foreign Policy: Basic Documents, 1941-49* (S. Doc. 123, 81st Cong., 1st sess.), p. 391.

honor to confirm the agreement reached as a result of these conversations as follows:

[For text of understanding, see numbered paragraphs of U.S. note, above.]

Please accept, Mr. Ambassador, the assurances of my highest consideration.

G. BIDAULT

His Excellency

The Honorable JEFFERSON CAFFERY

Ambassador of the United States of America

Paris